

Air Priority	CONFIDENTIAL	For Department Use Only
HANDLING INDICATOR		
FOREIGN SERVICE DESPATCH		
FROM : Amconsul MEDAN	611.98/8-1061 8 SEP 1961 898.05111	

TO : THE DEPARTMENT OF STATE, WASHINGTON. August 10, 1961

REF : DTAKARTA-2 AUG 10 1961 B/Fao-5

67	ACT	FE-4	IN	OP	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	ICA
For Dept. Use Only	10	10	3	7	8	2	3	4									
REC'D 9/14	AIR	ARMY	CIA	NAVY	OSO	OCB	USIA	NSA									

SUBJECT: The Protection and Promotion of U.S. Interests in Sumatra

INTRODUCTION

This despatch is an attempt, by the reporting officer, to review the extent and nature of U.S. interests in Sumatra, to raise questions as to the adequacy of U.S. promotion and protection of those interests, and to set forth ideas for improving the situation.

The discourse is impressionistic rather than statistical, since, under the circumstances that exist at the Post, more precise statements could only be based upon time-consuming research--and excessive delay would defeat the purpose of the paper. It should be noted that the paper, though impressionistic, is derived from two years of observation in Indonesia and one year of observation of and reporting on Sumatra.

The despatch is about Sumatra and about the Medan Consular District. The two are not congruent, since South Sumatra is a part of the Djakarta Consular District. No effort has been made to take note of this in the body of the paper itself, however, since the Consular District is an unknown and artificial entity as far as the life of Sumatra is concerned, and since the distinction makes no substantial difference in the generalizations and the conclusions.

SUMMARY

The Island of Sumatra constituting one-fourth of the land surface of Indonesia, is one of the richest areas in the world. Its fertile soil is capable of supporting a population much larger than the present 14,000,000, and at the same time it can continue to produce the bulk of Indonesia's export crops: rubber, tobacco, palm oil, tea, and others.

cc: Amembassy DJAKARTA
Dept. Pass USIA, ICA Washington and USIS, USOM Djakarta

GAlee:lsk

CONFIDENTIAL

FORM 6-61 FS-439 GPO 912896	For Department Use Only - To be Filled in on Yellow Original ONLY		
ACTION ASSIGNED TO	ACTION TAKEN	DATE OF ACTION	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL		9/15/61	fil

DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

(Classification)

Page 2 of 15

Encl. No. _____

Desp. No. 8

From Medan

Water power, oil, minerals, building materials, forests, fish, and wildlife are sufficient for untold decades of exploitation in the interests of man.

The people of Sumatra are energetic and independent, and their attitudes, experience, and education fit them for an expanding role in developing an industrial society. Their similarities are greater than their diversities, but social differences have largely contributed to the absence of political unity in Sumatra.

In appraising the future development of Sumatra it is apparent that the most striking weakness lies in the failure to achieve political stability or vitality. Disunity, corruption, and mismanagement continue, but there are hopeful signs and elements of strength: the Rebellion seems to be on the road to settlement; the Army is a stabilizing influence; the people are religious; law and order is generally maintained; there are spots of economic and political re-vitalization; and there is a growing knowledge of the processes of government and an industrial society.

The interests of the United States in Sumatra are extensive, continuing, and, in all probability, expanding. There is the humanitarian interest common to all our foreign endeavours; there is the strategic interest that must fall upon this open and rich land just off the shores of the over-populated Asian mainland; and there is the economic interest that derives from our present multi-million dollar investments and our future share in a rich market area. Most important at present, however, is our political interest. The United States needs, for its own welfare, an Indonesian nation with the will and the strength to resist Communism. Indonesia can achieve that strength only by successful development of its economy, which in turn depends upon the use of foreign exchange. More than half of the foreign exchange comes from Sumatra, and hence the economic and political development of Sumatra is essential for a viable Indonesia. Finally, the Sumatran people, already conditioned to reject Communism, offer to America an opportunity to place a brake upon the Communist tendencies that seem to spring to life in Java.

The United States is not now adequately protecting and promoting its interests in Sumatra. The deficiencies are evident when one reviews the U.S. Government programs that have been attempted in the area and the opportunities that exist for contributing to the economic well-being of Sumatra, for promoting trade and investment, for creating a

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 3 of 15
Encl. No. 8
Desp. No. 8
From Medan

favorable image of Western life (and America in particular), and for assisting in the development of sound political leaders.

The reporting officer does not have developed plans for overcoming these deficiencies, but he believes that the circumstances demonstrate the need for action and point to the essential initial step. That first step is the strengthening of U.S. representation in Sumatra in order that there may exist the information and the leadership required for developing ideas and for executing programs of broader scope, greater variety, and greater effectiveness.

CONFIDENTIAL

0 0 2 0 4

DECLASSIFIED
Authority NND 949570
By GA NARA Date 8/4/00

CONFIDENTIAL

(Classification)

Page 4 of 15

Encl. No. 8

Disp. No. Medan

From

RESOURCES

Sumatra is approximately the size of California and has about the same population. In area it ranks sixth among the world's islands, but its population (about 14,000,000) exceeds the total for the five larger islands.

A large part of Sumatra is covered by lush vegetation, which might indicate fertile soil, but no careful appraisal has been made of soil value. The richness of the land is proved, however, by developed agriculture, principally along the east coast of North Sumatra, in the highland valleys of West Sumatra, and in South Sumatra. The east coast is one of the major rubber producing areas of the world, and there, as well as elsewhere large quantities of rice, palm oil, tea, coffee, spices, and fibre crops are grown. The value of the soil is further enhanced by the extraordinarily favorable rainfall and temperature conditions. While the real soil capacity remains undetermined, enough is known to conclude with certainty that the soil of Sumatra is now the principal single source of Indonesian foreign exchange, and that this Island, on the edge of teeming Asia, is able to continue and expand its agricultural exports while supporting a greatly increased population.

While Sumatran oil fields do not equal those of the Middle East, they constitute one of the richest areas in Asia. It seems certain that for the next several decades, the limitations on Sumatran oil production will be those imposed by economic and political circumstances, and not by the depletion of reserves. In an area where coal is scarce, Sumatra appears to have supplies that can be exploited for decades. Off shore islands are rich in tin and bauxite (for aluminum). Limestone for cement and rock and minerals for building materials are abundant. Gold, lead, and other minerals are known to exist, but the value and extent of such reserves are uncertain.

The seas near Sumatra are extraordinarily rich in fish. The jungles and mountain forests are likely to retain exotic and abundant wild life, even against flagrant population pressure.

The mountain streams, plunging from high interior lakes that are continually renewed by year-round rains of 80 to 180 inches per year, provide tremendous potential for hydroelectric power. The long discussed Asahan project in North Sumatra could develop as one of the most far reaching power and area development projects in South East Asia.

Spectacular volcanic peaks, blue lakes, sweeping beaches, cool clear air, jungles and wild life, exotic crops, and picturesque cultural manifestations--all these attractions in close proximity present an unusual potential for tourism.

CONFIDENTIAL

0 0 2 0 5

DECLASSIFIED

Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 5 of 15
Encl. No. _____
Desp. No. 8
From Medan

In summary, Sumatra is extraordinarily rich in unexploited resources: an abundance of good land, water, minerals and oil, forests, fish and wild life, and others that remain unknown.

PEOPLE

The 14,000,000 people of Sumatra are diverse in origin, but they are predominately of Indonesian-Malayan stock. They are more aggressive and independent than the Javanese and tend to be entrepreneurs in farming, fishing, lumbering, household enterprise, and trading. There are sizeable minorities of Indians and Chinese. The religion is chiefly Muslim, but there are perhaps a million Christians in North Sumatra. Sumatrans are eager seekers of learning and culture and since 1945 have raised the educational level phenomenally. A large share of the youth now go to school, and there is an existing technical trained class sufficient to provide basic skills for such activities as road building, maintenance of thousands of automobiles, maintenance of production of rubber, tobacco, and other crops, and minimum medical care. As elsewhere in Indonesia, most of the people are the products of an old and complex culture; they are not primitive; they have a ready base for absorbing the learning of industrial society.

To an outsider the similarities of the peoples of the various parts of Sumatra are much greater than the differences. Closer examination, however, reveals very real cultural, ethnological, and historical differences which have played a large part in preventing social and political unity in Sumatra. The Atjehnese, to the North do not like any outsiders and have a fierce fighting record to prove it; the East Coast people look upon the Bataks as barbarian interlopers; the Minangkabau of West Sumatra regard themselves as the elite from an ancient empire; and almost every Sumatran distrusts all Javanese--whether in Sumatra or in Java.

SOCIAL AND POLITICAL ORGANIZATION

In appraising the future development of Sumatra, it is apparent that the most striking weakness lies in the failure to achieve political stability and vitality. In the decade of the 1940's war and occupation were followed by revolution, and before new institutions, and before new institutions could be established, rebellion in the next decade sapped the strength of the area.

The violence of the period, the lack of relevant positive strength in the heritage from the Dutch and from tribal culture, and the turbulence introduced by economic and political currents from international sources have all contributed to the unsatisfactory status of government and social organization.

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 6 of 15
Encl. No. _____
Desp. No. 8
From Medan

The principal manifestation of failure in the social and political sphere has been the rebellion which has divided the Island and has denied at least half of it to the productive use of the Indonesian economy. Going beyond the rebellion, however, it is quite apparent that planning is deficient; administrative know-how is low; there is great favoritism and corruption; delay and frustration are common in processes that should be simple and smooth; neither responsibilities nor rights are clearly defined in law; and Westerners frequently become cynical about the way in which, in their estimation, virtue is punished and evil rewarded.

At the lower levels of government and in local communities there is frequently apathy, ignorance, and corruption. There is nothing comparable to the Community Development Program of India. The provincial civilian governments, largely dominated by the Central Government in Djakarta, display little energy, courage, imagination, or leadership. Political parties exist but, circumscribed by the Army, they--with the possible exception of the Communist Party--have no great vitality.

The Communist Party (PKI) is not large anywhere in Sumatra, and nowhere does it have the hold that it has in Java. It is well organized, however; it has able and dedicated leaders; and it has definite goals and schedules which it pursues with ample outside aid and encouragement. Its strength is made more imposing by concentrations of membership in certain crucial spots of the economy, such as oil, agricultural estates, and transportation and communication.

Some of the potential sources of strength and leadership--church, school, business community, newspapers--are seriously frightened and limited by the Army, the Central Government, and their own poverty.

Gloomy as this picture of social and political organization is, it is by no means all black; there are evidences of growing strength. Major gains have been made in the settlement of the Rebellion, and it appears possible that there may emerge a new pragmatic relationship which will establish equilibrium between central and regional governments. The settlement of the Rebellion would release new energy, wealth, land, and leadership for productive enterprise. It would also create, for the short run, a very considerable problem of social and economic readjustment. Indeed the situation would be one which the Communists could well exploit if the most serious problems were not quickly solved.

While production has slipped in the last few years, it has not slipped as much as Western critics believed it would. Indonesians have been able to maintain the basic machinery of production, and every year they are learning more about it. The building of new productive units

CONFIDENTIAL

0 0 2 0 7

DECLASSIFIED
Authority NND 949570
By CD NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 7 of 15
Encl. No.
Desp. No. 8
From Medan

is not as fast as it should be to satisfy the soaring demands of the society. Nevertheless, real beginnings are being made in projects such as those in Belawan Harbor, the Permina oil fields, and the Pardede Knitting Mills.

There can be no doubt that basic education is expanding rapidly, and in the higher levels far more people than formerly are learning about the processes of government and the organization of industrial society.

Government, though weak, is avoiding chaos and in fact maintaining a large degree of law and order outside the actual areas of Rebellion. Incidences of violence and robbery are not high; people move about freely; commodities go to market, and no one is hungry; and here and there local and provincial officials exercise marked initiative in inaugurating new measures for the betterment of the area.

Probably the most encouraging and most significant aspect of social organization is the position of the Army. The Army continues to grow as a strong stabilizing and developing force. It is seeking, with some success to settle the Rebellion; it has, in effect, interposed itself between the Central Government and Sumatra in an effort to stabilize and rationalize relationships; it has tried to minimize the internal sectional and tribal antagonisms; it has recognized the absolute need for production and has tried to create favorable conditions for that end; it has recognized the threat of the Communist Party and has, so far, successfully contained the Party; and it has indicated an awareness of the requirement that it associate itself with the needs and the aspirations of the mass of the people, if it is to continue its leadership and hold its position of power. Whether it can provide leaders fast enough and resist the blandishments of corruption remains to be seen, but it has shown steady improvement.

Finally, while it would be foolish to ignore the negative aspects of social organization, as noted above, it would be equally shortsighted to ignore the fundamental strength pervading much of the Sumatran population. A large share of the Sumatran people are able, energetic, independent, and deeply religious. They have will and imagination, and they aspire to have for themselves and their families education, a comfortable and cultured life, and a free and independent existence. Theirs is a philosophy that makes them unhappy in the proximity of Communism; they will remain Indonesian, but they will be most happy in an Indonesia that fully accepts the best values of the West. With opportunity and encouragement, their decisions will be in favor of the West.

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By CD NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 8 of 15
Encl. No. _____
Desp. No. 8
From Medan

U.S. INTERESTS

The interests of the United States in Sumatra are extensive, continuing and in all probability expanding. In some respects such interests are simply those of the United States in all Indonesia or in any part of the far flung Island Empire. In many significant respects, however, the interests in Sumatra are unique, concentrated, or intensified.

Humanitarian, Cultural, and Educational

In Sumatra, as elsewhere in the world, the United States has the desire and the need to contribute to the brotherhood and the welfare of mankind. Even without any Cold War or any prospect of economic gain, the United States would have a substantial interest in Sumatra, as it would in any 14,000,000 human beings, especially those who had been denied advantages commonly held by people in the United States. American citizens would want to send Care packages, help libraries, work with exchange programs, support missionaries, study volcanoes, probe the mysteries of strange tribes, and so on.

It is necessary to identify this interest, because it is fundamental and is frequently lost to sight under a Cold War label. The Cold War issue is, however, the specific one which must be settled first. (See below, under "Political Interest").

Strategic

At this time it is vital for Indonesia, and only slightly less important for the United States, that Indonesia have the strength and the will to retain its independence in the face of Communist aggression. In achieving the strength necessary for real independence, Sumatra is of critical significance. The military and political aspects of the problem are intertwined, but greatest emphasis is given to political matters in the following discussion, since these must precede any military issue.

In any military calculations, beyond those based upon the theory of instantaneous annihilation, Sumatra is bound to be an area of vast strategic importance. It is the first southeast stepping stone beyond the land mass of the over populated Continent of Asia, where Communist China dominates. It is near at hand for an Asian aggressor; it is large and open; it has vast resources; it is well enough developed to provide forced hospitality; and its possession would be a great asset in throwing up a wall between the Philippines and Australia in the Pacific and India and the Middle East on the shores of the Indian Ocean. Without Sumatra, it is probable that the rest of Indonesia would soon crumble. Conversely, an aggressor who held the rest of Indonesia would never be safe without Sumatra.

CONFIDENTIAL

0 0 2 0 9

DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 9 of 15
Encl. No. _____
Desp. No. 8
From Medan

Political

The immediate problems for Indonesia, if it is to achieve viability as a nation, are not in the military sphere but in the economic and political, and the key to their solution lies in Sumatra. Sumatra is almost one-fourth of the land mass of Indonesia; it contains about 15% of its population; and, most important, it contains a large share of the raw commodities available from Indonesia for consumption in world markets. The building of Indonesian strength and independence depends upon rapid transformation from a colonial agrarian economy to a highly organized industrial society. The transformation can be achieved only with the tools of industry, which, in turn can be procured only by use of foreign exchange. Sumatran exports provide 60 to 70 percent of all Indonesian foreign exchange. This situation is likely to continue. If anything happens to reduce seriously the earnings of Sumatra--as may be the case if the world raw rubber market continues to decline, or if the Sumatran productive machine is allowed to run down--the strength of the Republic of Indonesia is jeopardized. On the other hand, the investment of capital and energy in Sumatra may offer the best opportunity for accelerating and making smooth the transformation of the Indonesian economy. Sumatra, with its resources, its open spaces, and its enterprise is not only essential now, it is the future of Indonesia.

For all the differences between them, Sumatra and Java recognize their need of one another, and there are a multitude of common ties of sentiment, history, institutions, and race. There is little or no Sumatran nationality, and there is, on the other hand, a strong feeling in Sumatra of Indonesian nationality. The wishes and feelings of the Sumatrans must play a strong part in Indonesian life, and the Sumatrans, though they cannot achieve unity, have demonstrated that they will not be servile to a central Government in Java.

This economic and political posture of Sumatra becomes important for the United States because the Sumatrans, as a rule are more highly sympathetic to the ideas and institutions of the Western World and more antagonistic to Communism than are the people of Java. This is the area which offers the greatest possibility for tempering the seemingly quick acceptance of Communist ideas in much of Java. Here the tide does not need to be turned back; only the dykes need to be maintained. Or to change the figure, here the West has a chance to fight on ground of its own choice and to fight where it is winning--not where it is losing and compelled to use weapons chosen by its adversaries.

If Indonesia is going politically to the left, Sumatra will form a drag upon that drift. If it is going to the right, Sumatra can accelerate the movement and provide leadership. No matter how centralized the government in Djakarta, Sumatra will be a massive conditioning factor in the future political life of Indonesia.

CONFIDENTIAL

0 0 2 1 0
DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 10 of 15
Encl. No. _____
Desp. No. 8
From Medan

Economic

The United States has current private investments in Sumatra totaling millions of dollars. These are chiefly in the large rubber estates of U.S. Rubber Co. and the Goodyear Rubber Company, in the oil fields and refineries of Stanvac, and in the fields of Caltex. Lesser interests are such as those of American Refinery Associates, Singer Sewing Machine, or National Cash Register.

The United States Government is engaged, often through private industry, in millions of dollars worth of developmental projects in Sumatra, such as the Palembang Urea Fertilizer plant, the electric generators being installed in 19 communities, and various telecommunication systems.

United States industry finds, often indirectly, in Sumatra a large market for items such as tractors, household appliances, sewing machines, tools, paper products, building materials, medical supplies, and pipes and plumbing. American agriculture has here a market, generally through the SAC Program, for quantities of cotton and tobacco and some wheat.

The reverse flow takes to America large amounts of petroleum products, raw rubber, tin, palm oil, copra, spices, tea, and other products.

American sea carriers handle a large part of the transportation of these commodities.

In view of the abundance of Sumatran natural resources, the accelerated impact of twentieth century industrialization upon them, and the vital importance of Sumatra to Indonesia, it appears quite likely that the economy of Sumatra will expand greatly. This expansion will be substantially conditioned by political developments, but it will proceed regardless of them and perhaps in spite of them--so great are the resources and the forces at work.

As this expansion takes place there is no substantial reason why the United States and American citizens should not contribute to it to their own profit and to the profit of Indonesia. They should continue to help build the productive plant, through public and private means; they should be able to expand greatly their sales to the Sumatran area as it industrializes and raises its standard of living; they should find it an expanding source of supply for petroleum products, rubber, and other commodities; and American carriers should profit from the new volume of freight and increased tourist and business passenger traffic.

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By CD NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 11 of 15
Encl. No. _____
Desp. No. 8
From Medan

Conclusion

The United States, then, has a deep interest in Sumatra because it holds a significant strategic position, because its economic development is essential to a viable Indonesia, and because Sumatra presents a favorable opportunity for checking the inroads of Communism in Indonesia, the greatest threat to Indonesian independence and strength.

PROTECTING AND PROMOTING U.S. INTERESTS

Introduction

How can the United States best protect and promote its interests in Sumatra?

The obvious general answer is that it can do so by contributing to the economic well-being of Sumatra and its people, by promoting trade and investment, by creating a favorable image of Western values in general and of America in particular, and by assisting in the development of sound political leaders. These things it can do through various action programs which have been tried throughout the world: those traditionally pursued by the Department of State, the ICA, and USIS.

It is believed that these programs are essentially good and effective and that they can be highly useful in Indonesia. It is pertinent to ask, however, if they are sufficient in magnitude and manner of execution. Is the American effort commensurate with the need and the opportunity, and is the machinery of Government used effectively? There are serious deficiencies. No inventory of them can be given, but the following examples are suggestive.

Deficiencies

In the years of American technical and economic aid to Indonesia there have been only two projects--as distinct from proposed projects--that have attracted any considerable amount of attention as projects relating to or in Sumatra. One is the Palembang Urea Fertilizer Factory, a project which may ultimately be of great value; but it is very much in the beginning stage; it got off to a bad start; and as yet it is a South Sumatra project only. The second is the project to install diesel electric generators in 19 cities of Sumatra. While these are now being installed, the years of delay and mismanagement--Indonesian as well as American--have greatly reduced the potential economic benefit and the good will.

In connection with other phases of the economy, there has been much talk but little action that is apparent to the people. The basic needs

CONFIDENTIAL

0 0 2 1 2

DECLASSIFIED
Authority NND 949570
By CD NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 12 of 15
Encl. No. 8
Desp. No. 8
From Medan

and the dramatic possibilities seem to slip by. The Asahan Dam Project, with tremendous potential, is now in the hands of the USSR. In the vital sphere of transportation, one survey has followed another, and experts dash through Sumatra and out without leaving a trace, as far as the people of Sumatra are concerned.

The U.S. identification with the agriculture of an agricultural area which may hold the key to Indonesian independence is chiefly by virtue of American estates. There is no program for assisting in rubber production or, if that is undesirable, for adjustment to the impact of change away from rubber. As far as rice is concerned, Sumatra shares in the American surplus, but the Sumatrans want to grow their own. The many rice seed centers which America is helping to establish are almost all in Java, and the Czechoslovakians are identified with the one big Sumatran effort to grow more rice. Their efforts have been far from successful, but to take satisfaction from the failures of others will scarcely build respect and good will for ourselves.

Everyone who studies the needs of areas such as Sumatra recognizes the primary need for manpower training. In this sphere useful work has been done, but the number of young people sent from Sumatra to the United States has not been proportionate to the population, the relative demand, or the potential significance of the area. Furthermore, there is not a decent University or higher technical school in the entire Island, and the United States has not identified itself in any substantial way with efforts to overcome this deficiency through experts, scholarships, books and other means.

In the battle for the mind, one of the greatest failures has been the American inability to seize and expand the beachhead afforded by the Indonesian commitment to the English language. In all Sumatra there are no Government encouraged efforts to teach English and few private American efforts. In most of the area there are no native English language speakers to encourage the hundreds of Indonesian teachers. Everywhere there is a lack of books, books which might, in addition to teaching skills and attitudes, commit the readers to the English speaking world.

In Sumatra, as elsewhere, there is a great hunger for moving pictures, for cinema as entertainment and as well as for instruction. American commercial films are of very low quality and satisfy only a fraction of the need. The only USIS films are distributed from Medan and reach only a few of the potential viewers.

The somewhat sweeping generalizations made above are admittedly not a complete analysis of the past programs. Nor are they intended to deny that Indonesian-wide American programs have benefitted and will continue

CONFIDENTIAL

0 0 2 1 3

DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

(Classification)

Page 13 of 15

Encl. No. _____

Desp. No. 8

From Medan

to benefit Sumatra. Further, they are not to belittle or reduce efforts applied elsewhere. The illustrations given do help, however, to demonstrate that the American achievement in Sumatra up to now is not commensurate with the need and the opportunity.

The Role of American Representatives in Sumatra

What are the reasons for these deficiencies, and how can they be overcome? The failures and deficiencies are in part those common to many American efforts elsewhere in the world. Their remedy, in turn, requires coordinated effort at many levels, from Washington through Djakarta and Medan to the villages. In Sumatra, however, the difficulty can be attributed in part to specific weaknesses: lack of perception of the importance of Sumatra; lack of information about Sumatra; barriers to Sumatra, including the Indonesian concept of unitary centralism; and lack of ideas and action programs directed specifically to the Sumatran situation.

The attack upon these weaknesses cannot be made initially in Washington or even in Djakarta; it must be made in Sumatra. We are in the fortunate position of having a well-accepted official Government establishment in Sumatra: a Consulate and a Branch USIS Office. The only continuing USOM representation is through an agricultural technician in Palembang. The Communist world is represented by an active but generally disliked Red Chinese Consul, a popular Czechoslovakian Trade Representative, and a shadowy and unofficial Russian Trade Representative. We have the advantage in language, in popular acceptance, and in many other ways.

In recent years the Consulate-USIS program in Medan has been essentially a holding operation. Officers have represented the United States, but their efforts have been very shallow away from Medan. They have reported on political affairs, but they have not come to know the political life in depth. They have reported on economic matters, but they have not been active in promoting trade opportunities. They have maintained a library and shown films, but they have reached out from Medan only slightly, and their efforts have had only a slight effect on the educational scene. They have stimulated very few action projects.

It is now urgent, if U.S. interests are to be protected and promoted, that the U.S. establishments in Sumatra be positive agents for devising and carrying forward programs of wider scope and greater variety. In the following list there are mentioned illustrative and timely ideas for the content of programs of "wider scope and greater variety". Mention of them does not mean that the reporting officer knows exactly how they would be developed or that he would approve execution once developed. There are among them, however, enough that are of merit to justify serious efforts toward a positive program.

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By CD NARA Date 8/4/00

CONFIDENTIAL
(Classification)

Page 14 of 15
Encl. No. _____
Desp. No. 8
From Medan

Rationalize and expand economic reporting.
Develop a commercial library and, in coordination with Embassy promote trade opportunities.
Work with Indonesian local officials to promote tourism.
Work with Indonesian local officials and USOM Officers to ascertain what aid they need, whether there is any possibility of U.S. aid, and how they should go about seeking it.
Work with Indonesians to promote the effective utilization of existing ICA possibilities such as free text books under certain conditions, library training in conjunction with unification of University libraries, development of a labor training center, and the selection of training candidates.
Appraise the possibility of Peace Corps work in Sumatra and accumulate Indonesian ideas on the subject.
Develop Sumatran organization for assisting in handling American students, Indonesians returning from America, American performing artists, and tourists; for assisting in the circulation of American books and films; and for otherwise promoting mutual understanding and good will. (In the Sumatran area this should probably not be an Indonesian-American friendship Association).
Expand the circulation of books and films.
Visit each province (other than North Sumatra, where the office is situated) at least twice a year and develop there positive contacts and projects with American content.

The Initial Requirements for Improvement

It may be argued that these are activities and projects which the Consulate, USIS, and USOM representatives should be pursuing in any case. They are, it is true, engaged in many of these activities, and they will continue to devote their efforts to them. It is quite clear, however, that they have not had adequate resources or opportunities in the past. The opportunities and the need now become more urgent, but the resources remain the same.

The American State Department staff at the Consulate has consisted of two officers and one administrative assistant. The rotation has been very high; the Principal Officer has often not served a full two-year tour. Officers and staff have often had rank and experience below that established in the staffing pattern, which, in turn, is below the requirements of the situation. Two junior FSR officers have handled the small passport, visa,

CONFIDENTIAL

0 0 2 1 5

DECLASSIFIED
Authority NND 949570
By GPO NARA Date 8/4/00

CONFIDENTIAL

(Classification)

Page 15 of 15

Encl. No. _____

Desp. No. 8

From Medan

and consular services workload, but they are not available for other functions. Because of inadequate staffing and the difficulties of administrative operations under the circumstances existing at the Post, the second of the two FSO's has been compelled to spend most of his time on administrative tasks.

The Consular local employees (eight persons) were inadequate until recently, because all the senior officers were Chinese in a country where the people are 90% non-Chinese and where Chinese are disliked, and because there was no Chief Clerk or other senior person to coordinate and supervise the work of the local employees. A big improvement has now been made by raising wages, by hiring a well-qualified Chief Clerk, and by replacing some of the Chinese.

The USIS staff, consisting of two junior American officers and 18 local employees, has been unable to mount a dynamic program. While ICA once had technicians in residence in Medan, its contacts with the people of Sumatra are now only sporadic, except in Palembang.

CONCLUSION

In view of the magnitude of U.S. interests in Sumatra, the reporting officer feels that he should be devising, urging adoption of, and assisting in the implementation of positive programs of considerable magnitude. The reader, on his part, may feel that a paper of this sort should end with far reaching proposals in keeping with the sweep and complexity of the problems. The course is otherwise. The initial requirement for improving the situation is an improvement in the representation of the U.S. in Sumatra. The magnitude of the changes that must finally be made are not clear. It is clear that if the U.S. wishes to begin to meet its responsibilities in the area, it must start with improved leadership through:

1. Up-grading the rank, experience, and capacity of officers and staff assigned to the post.
2. Developing and maintaining continuity of able personnel.
3. Adding at least one American, preferably a staff officer to the Consulate.
4. Stationing in Medan at least one mature, high-ranking, broad-gauge ICA officer.
5. Maintaining constant and active backstopping operations in Djakarta and Washington.

It is recommended that the requirements of the Post be reviewed in terms of the promotion and development of U.S. interests in Sumatra--not simply in terms of the interests of the State Department, CIA, the Army, ICA, and USIS--and that steps be taken to assure the inauguration of a positive program commensurate with the American stake in the area.

Guy A. Lee
Guy A. Lee
American Consul

CONFIDENTIAL

DECLASSIFIED

Authority NND 949570
By *CD* NARA Date 8/4/00